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# LENDER NEWS

U.S. SMALL BUSINESS ADMINISTRATION - DES MOINES DISTRICT OFFICE

July, 2004

## From the District Director's Desk

### Objectives and Milestones - The New SBA

We are continuing the transformation process to provide more efficient and better service. Our efforts to further develop SBA as a resource for small businesses in Iowa include the following objectives:

- Be a personal link to facilitate the relationship between our lending partners and our processing and servicing centers.
- Greater focus on marketing and outreach by District Office. Engage all SBA staff, even if only in a small way, in this effort.
- Foster a spirit of entrepreneurship in SBA, with lenders, the businesses we work with, our partners and the communities where we work and live.
- Further develop partnerships and relationships with financial institutions, governmental organizations, community and economic development groups, educational institutions and other organizations and resources that work to develop and sustain small businesses.
- Further assist our resource partners in achieving their goals and objectives as they relate to small business development.
- Further enhance our efforts to reach out and serve those communities - be they urban, rural, minority, or ethnic, or

economically disadvantaged - that are underserved.

Earlier this month, thanks to your efforts to serve the small businesses of Iowa, we passed last year's volume of 553 7(a) loans with a current total of 578 loans having been approved. Though we are still short of being on track of reaching the goal set for us, we appreciate your efforts in reaching this milestone with just over 2 months to go in our fiscal year.

We encourage you to continue to capitalize on the benefits of the 504 program for your fixed asset financing as discussed on the next page.

This past month we had considerable activity in one of our lesser known roles as discussed in the following article on regulatory fairness. We will cover these in future issues and suggest how you may use them to assist your customers. Meanwhile check out our Web site at [www.sba.gov](http://www.sba.gov) and feel free to contact us at any time.

Sincerely,

Joseph M. Folsom  
District Director

## INFORMATION

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Dee Ann Glover  
Acting Branch Manager  
(319) 362-6405 x217  
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### LowDoc Processing Center

Sacramento, CA  
(916) 930-2410  
(916) 930-2180 FAX

### Fresno Servicing Center

Fresno, CA  
(559) 487-5650  
(559) 487-5803 FAX

### Liquidation & Purchase Center

Herndon, VA  
(703) 487-9283  
(202) 481-4674 FAX

### PLP Processing Center

Sacramento, CA  
(916) 930-2463 or 930-2460  
(916) 930-2160 FAX

## Iowa Hosts National Ombudsman at Regulatory Fairness Hearing

SBA has four primary roles in the provision of assistance to small businesses: advocacy, management, procurement and financial assistance. While SBA is known as a provider of financial assistance, and there is some awareness of the other three roles, a lesser known area of responsibility is that of the Office of the National Ombudsman.

ONO's mission is to assist small businesses when they experience

excessive federal regulatory enforcement actions, such as repetitive audits or investigations, excessive fines, penalties, threats, retaliation or other unfair enforcement action by a federal agency.

On June 24th our Regional Regulatory Fairness Board had the opportunity to host one of the regulatory fairness hearings held around the country by our National Ombudsman, Michael Barrera. The hearing was conducted from Des Moines

in real time via the Iowa Communications Network with over 40 attendees participating from six ICN sites throughout the state of Iowa.

In addition to the hearings, small businesses can express their concerns and file complaints with the Office of the National Ombudsman at any time by contacting them at 888-734-3247 or by visiting their Web site at [www.sba.gov/ombudsman](http://www.sba.gov/ombudsman).

## SBA 504 Loan Program: A Valuable Lending Tool for Fixed Asset Financing

The SBA 504 loan program appears to be the "program of choice" of many lenders when it comes to fixed asset financing, i.e. real estate and/or equipment.

The program provides long-term fixed-rate financing to small businesses at favorable rates as a means to foster economic development and create or preserve jobs.

Lenders can mitigate credit risk (50 per cent LTV), make larger loans, retain commercial-account relationships while participating in long-term financing and sell their first mortgage portion on a very active secondary market - just to name a few of the benefits of the program.

The 504 program minimizes the equity required for the acquisition of real estate or

equipment. Most projects require only a 10 per cent equity injection from the borrower. However, start-up ventures or projects involving single purpose assets require an additional 5 percent injection. If the project involves both a start-up and a single purpose asset, the minimum equity contribution is 20 per cent.

The SBA portion of the financing package is fully amortized over 20 years for real estate and 10 years for equipment. The interest rate is set at the time of debenture sale after completion of the project. Rates are fixed for the life of the loan and are generally below market rate. A typical 504 project includes:

- A loan secured with a senior lien position on project assets from a private-

sector lender covering up to 50 percent of the project cost;

- A loan secured with a junior lien on project assets from a Certified Development Company covering up to 40 percent of project costs; and
- The borrower's minimum equity injection, usually 10 per cent.

SBA 504 loans are administered by Certified Development Companies (CDCs). There are five CDCs located in Iowa and all are allowed to do business throughout the state. Call our office in Des Moines (515-284-4422) or Cedar Rapids (319-362-6405) for the location of a CDC near you.

## Central Iowa Breakfast, Business & More - Be a Part of this Successful Event

The Central Iowa Breakfast, Business & More held its fourth annual Mini-Expo on July 15th at the Holiday Inn, 6th Avenue, Des Moines, Iowa. There were over 100 attendees who were presented networking and matchmaking opportunities with federal, state, city, private, corporate, large

and small businesses.

Some of the comments received: "This year's event was better than last year." and "This is all about people, the contacts, networking and opportunities, Don't Stop." The Mini-Expo is an annual event.

However, networking breakfasts are held every other month. The next breakfasts will be September 16th and November 4th. For more information, contact Kathy Bryan at (800) 458-4465 or [kbryan@ciras.iastate.edu](mailto:kbryan@ciras.iastate.edu).

## SBA Lender Activity Report for June

LENDER NAME	LOCATION	#	AMOUNT	LENDER NAME	LOCATION	#	AMOUNT
Wells Fargo Bank	Iowa	10	\$883,800	First Community Bank	Keokuk	1	\$62,000
Iowa Business Growth Co.	Johnston	5	\$732,000	First National Bank	Iowa	1	\$100,000
First American Bank	Clive	4	\$2,197,000	First National Bank in Fairfield	Fairfield	1	\$67,000
First American Bank	Ft. Dodge	4	\$601,000	First National Bank of Waverly	Waverly	1	\$375,000
Northwest Bank & Trust Co.	Davenport	4	\$420,000	First National Bank of West Union	West Union	1	\$58,400
Bank of America	Iowa	2	\$227,500	First State Bank	Conrad	1	\$95,000
Black Hawk County Econ. Dev.	Waterloo	2	\$435,000	Gateway State Bank	Clinton	1	\$30,000
Capital One	McClean, VA	2	\$75,000	Glenwood State Bank	Glenwood	1	\$98,000
Collins Comm. Credit Union	Cedar Rapids	2	\$55,000	Heartland Bank	Somers	1	\$33,000
Community Bank	Alton	2	\$220,300	Hedrick Savings Bank	Ottumwa	1	\$127,000
DUTRAC Comm. Credit Union	Dubuque	2	\$151,000	Houghton State Bank	Red Oak	1	\$88,000
Farmers Savings Bank & Trust	Vinton	2	\$619,000	Liberty Bank	West DSM	1	\$110,000
First Bank	West DSM	2	\$784,300	Lincoln Savings Bank	Cedar Falls	1	\$111,800
First Federal Bank	Sioux City	2	\$150,000	Lincoln Savings Bank	Nashua	1	\$150,000
American State Bank	Sioux Center	1	\$128,000	MidwestOne Bank	Burlington	1	\$20,000
Bank Iowa	Shenandoah	1	\$300,000	Northwoods State Bank	Mason City	1	\$510,000
Boone Bank & Trust	Boone	1	\$50,000	Polk County Bank	Johnston	1	\$185,000
Central State Bank	Muscatine	1	\$208,000	State Savings Bank	Creston	1	\$78,000
Community State Bank	Ankeny	1	\$90,000	State Savings Bank	West DSM	1	\$150,000
East Dubuque Savings Bank	Dubuque	1	\$268,000	Union Planters Bank	Iowa	1	\$253,500
Farmers State Bank	Northwood	1	\$83,500	Union State Bank	Winterset	1	\$150,000

The following lenders in Iowa were participant lenders in the SBA's 504 loan program during the month of June.

LENDER NAME	LOCATION	#	AMOUNT	LENDER NAME	LOCATION	#	AMOUNT
First National Bank of Waverly	Waverly	1	\$85,000	Northwest Bank & Trust Co.	Davenport	1	\$130,095
Freedom Savings Bank	Kalona	1	\$64,370	Peoples National Bank	Council Bluffs	1	\$290,250
Security State Bank	New Hampton	1	\$94,000				